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EXTERNAL AFFAIRS AND DEFENCE

British Foreign Policy

Britain's views on the world economy, East-West relations, arms control and disarmament, Southern Africa, the Middle East, the Falkland Islands and other issues were outlined by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in a speech to the fortieth session of the United Nations General Assembly on 25 September.

Noting that since 1945 the membership of the United Nations had grown dramatically, Sir Geoffrey said that its member states could take credit for much of the progress that had been achieved. A massive task of reconstruction had been undertaken, a period of unprecedented economic growth had occurred alongside an enormous population explosion, and over a hundred new sovereign nations had emerged. Member states had moved away from the sharpness and savagery of world conflict and had fashioned and developed a range of effective institutions for international co-operation. At the same time the scale and complexity of the tasks that still challenged the world community needed to be acknowledged and the efforts required to achieve the goals set by the founders of the United Nations could not be underestimated. The world was still wracked by violence and conflicts, economic and social hardships, famine and disease. The fortieth anniversary of the United Nations provided an occasion for looking ahead to the problems of the future and shaping policies.

The World Economy

The need for such foresight, Sir Geoffrey pointed out, applied with particular force to the world economy. The appalling famine in sub-Saharan Africa had shown how long-term degradation of the environment, progressive failure of agricultural production and prolonged drought could come together to bring unimaginable suffering. This disaster had evoked a dramatic response from many countries, the West leading the way. Britain alone had contributed $250 million in 1984, almost one-half coming from private donations. In addition Britain had provided Royal Air Force aircraft to ensure that supplies reached those people most in need as quickly as local conditions would permit (see p 233).

Spontaneous generosity, however, offered no long-term solution, for the world was one of paradoxes: some areas still faced acute hunger and were unable to feed themselves, while others faced mounting problems of over-production. The vast populations of China and India were more than self-sufficient, and increasing reliance on the enterprise of individuals and the incentives of the marketplace had in many cases provided the spur to growing efficiency. In contrast, other countries, some of them better endowed with natural resources, still faced the need to import food, and in some regions natural resources were being threatened or destroyed by over-exploitation, while nearby, sometimes even in the same country, they were underdeveloped and underused. If these contradictions were to be resolved, a wider understanding of the reasons for success and failure had to be created, people had to be trained more imaginatively, technological knowledge had to be deployed more skilfully, and the natural forces of economic change and growth had to be encouraged and not stifled.

Referring to the need to secure sustainable economic growth as a means of reducing the present crippling burden of debt in many countries, Sir Geoffrey said that in many cases courageous action had been taken to meet the economic and social pressures of adjustment. It was necessary for the international institutions to take account of the very real problems faced by debtor countries and to try to create the stable framework that would enable them to pursue their policies of adjustment. That was the importance of the continuing need to reduce deficits in some of the industrialised countries. Britain wanted to see early agreement in principle to a general capital increase for the World Bank and was ready to play its part.

Support for and strengthening of the open trading system was essential if protectionism was to be resisted. Open trading needed to be broadened to include the service industries and the expanding economies of those countries that were increasing their industrial base. Greater stability in world currency markets was essential. In particular stability at rates that would promote the expansion of world trade rather than increase protectionist pressures was needed.

East-West Relations

The need to look ahead also applied to the complex political and security issues faced by the world. The United Nations was flawed by the lack of unanimity of the Security Council's permanent members and nowhere was this more evident than in the division between East and West. Britain believed that this crucial gap could be narrowed and welcomed the considerable increase in contacts between East and

West in the last two years. The November summit meeting between the United States and the Soviet Union would be an important opportunity for searching and substantive discussions that could lay the foundation for greater mutual confidence. Contact alone, however, was not enough since the true foundations of understanding could not be laid in an atmosphere of mistrust. 'The Soviet Union and its leaders need have no doubt about the sincerity of the Western commitment. The people of Britain would like nothing better than a reduction in tension and an increase in co-operation. The task for statesmanship must be to transform common aspirations into the substance of agreement.'

Arms Control

Sir Geoffrey said that the overriding objective in the field of arms control was to obtain security at the lowest level of armaments. Britain did not believe that either side should strive for superiority since the aim had to be mutual balance. Negotiations had to be on the basis of compliance with existing obligations and the outcome of the process should enhance and not undermine deterrence. The Geneva talks (see p 12) between the United States and the Soviet Union provided a chance for constructive negotiations and for real and verifiable progress. A genuine wish to serve the cause of peace would meet a swift response from the West.

Welcoming the successful outcome of the recent review conference on the Non-Proliferation Treaty (see pp 291-3), Sir Geoffrey said that Britain fully shared the conference's conviction that the treaty was essential to international peace and security, and its result reflected the renewed commitment of the international community to use the treaty to prevent the further spread of nuclear weapons.[1] Britain wanted those countries that remained outside the treaty to accede to it as soon as possible and so help to protect the world against the potential horrors of nuclear war. The importance of the treaty in promoting the safe use of nuclear energy for peaceful purposes, particularly in the developing world, should not be overlooked. 'We have announced our intention to double, between now and 1990, the funds we contribute to developing countries party to the treaty through the technical assistance projects administered by the International Atomic Energy Agency. By these actions we shall continue to demonstrate our commitment to check uncontrolled nuclear proliferation.'

Southern Africa

Turning to the question of Southern Africa, Sir Geoffrey condemned the recent incursion into Angolan sovereign territory by South African defence forces, since such acts could only undermine the region's stability and damage efforts to achieve Namibian independence. South Africa needed to be in no doubt about Britain's determination that Namibia should be brought quickly to independence in accordance with Security Council resolution 435 which remained the only internationally accepted basis for a Namibian settlement (see p 81, 1984). It was essential that all countries in the region should be freed from present tensions and allowed to concentrate on building a peaceful and prosperous future in harmony with their neighbours.

Britain, continued Sir Geoffrey, deeply deplored the failure of the South African authorities to lift the state of emergency in South Africa (see p 259), the continuing repression of peaceful protest, and the detention of citizens without trial. 'More fundamentally we reject the system of apartheid – which is so contrary to the values of the United Nations Charter and which undermines much of real value in South Africa. We call upon the South African Government urgently to move beyond mere words to actions which are long overdue to end apartheid and to establish a system of government acceptable to the people of South Africa as a whole.' To this end there was an urgent need for dialogue with genuine representatives of the African majority. Britain was united with other countries in its determination to see fundamental changes made. It had consistently brought pressure to bear on the South African Government to achieve this, complied fully with United Nations arms embargoes, did not collaborate with the South Africans in the development of their nuclear programmes, did not sell North Sea oil to South Africa, operated controls on a wide range of sensitive exports, and fulfilled its obligations to discourage sporting contacts. Britain had also fully applied the European code of conduct to British companies operating in South Africa to ensure that they contributed as effectively as possible to the crucial changes that were needed. In addition it had also adopted all the measures agreed by European Community member states in Luxembourg on 10 September.[1]

Sir Geoffrey said that where Britain differed from some countries was not in its willingness to apply pressure but in its judgment of the likely effectiveness of mandatory economic and trade boycotts. Measures of this kind would not achieve the aims of those calling for them. They would diminish rather than increase effective pressures on the South African Government to introduce fundamental changes and would bear most heavily on the weaker sections of the population and neighbouring countries. Britain believed that all those with longstanding political, economic and diplomatic contacts with South Africa had a responsibility to use such links to promote fundamental change.

Middle East

In the Middle East, Sir Geoffrey said, negotiated settlements were urgently needed since tension there had all too often flared into violent conflict. There could be no peace in Lebanon (see pp 108-9) until its communities worked together to rebuild their country

[1]The conference, which ended on 21 September, agreed a final document by consensus, including a solemn declaration by the parties expressing their conviction that the treaty was essential to international peace and security, their support for its objectives and their determination to enhance its implementation and strengthen its authority.

[1]These measures include a rigorously controlled embargo on exports of arms and paramilitary equipment to, and on imports of such equipment from, South Africa; no military collaboration, including the recall of military attachés accredited to South Africa and a refusal to grant accreditation to military attachés from that country; the cessation of exports of sensitive equipment destined for South Africa's police or armed forces; no collaboration with South Africa's nuclear programmes; an end to oil exports to South Africa; the discouragement of cultural and scientific agreements except where these contribute towards the ending of apartheid or have no possible role in supporting it; and the freezing of official contacts and international agreements in the spheres of sport and security.

free from outside interference, and Israel had to withdraw all its forces from Lebanese territory as soon as possible.[1] An early initiative to end the tragic and wasteful conflict between Iraq and Iran (see pp 211-12, 1984) was desperately needed and Britain would continue to give the United Nations Secretary General full support in his attempts to achieve a solution. Britain deplored the use of chemical weapons in the conflict and wanted both sides to refrain from attacks on civilian targets, particularly those on merchant shipping in international waters.

Noting that a solution of the Arab-Israel dispute had been a major goal of the United Nations, Sir Geoffrey observed that 1985 had seen signs of readiness to seek peaceful solutions to the dispute, notably the constructive moves made by King Hussein of Jordan (see p 311). The world needed to give firm backing to all those who eschewed violence in favour of patient diplomacy. Although only the parties directly concerned could negotiate a just and lasting peace, they needed strong encouragement and support from the entire international community.

Falkland Islands

Britain, said Sir Geoffrey, had over the past year kept up its active search for ways to restore more normal relations with Argentina. Since the 1982 conflict Britain had lifted financial restrictions and had offered talks on a series of practical issues (see pp 293-4, 1984). On several occasions the British Government had pressed for the reciprocal removal of restrictions on trade, and, in the absence of an Argentine response, had lifted its ban on Argentine imports in July 1985 (see p 261). Although Argentina had failed to reciprocate, Britain would continue to look for ways of improving relations while maintaining its firm commitment to the people of the Falkland Islands. By insisting that Britain had first to commit itself to negotiations on sovereignty before there could be discussions on any aspect of bilateral relations, Argentina had blocked progress. There were many areas where mutually beneficial co-operation was possible, for example the increasingly urgent task of conserving fisheries in the South Atlantic. Britain was ready, through the Food and Agriculture Organisation, to give support to international efforts to deal with this and hoped that Argentina would do the same.

Central America

Turning to Central America, Sir Geoffrey observed that there was widespread agreement on the need for greater stability, economic progress and the reinforcement of democracy. The path to peace lay through the strengthening of democracy, the limitation of arms, and the ending of cross-border subversion and interference. The present tense situation called for the greatest possible restraint on all sides. The planned meeting in Luxembourg later in 1985 between European Community member states (and Spain and Portugal), the Central American states and the Contadora countries (see pp 374-6, 1984) would provide a further demonstration of British support for peace efforts.

[1]In January 1985 Israel announced a three-stage withdrawal of its forces from Lebanon. By the end of April the second phase of withdrawal (from eastern and central areas of Lebanon) had been completed. In June it was reported that a few hundred Israeli soldiers were still in Lebanon policing the border area.

Other Issues

Dealing with other problems, Sir Geoffrey said that the tragic divide in Cyprus still continued and that Britain hoped that the Greek and Turkish Cypriot leaders would agree to meet as soon as possible. An agreement had been close during talks in January[1] and the British Government would continue to do everything it could to assist the United Nations Secretary General to bring the parties together.

Sir Geoffrey pointed out that Vietnam's illegal occupation of Cambodia was a continuing affront to international law and that after six years of occupation of Afghanistan the Soviet Union was intensifying its efforts to subdue the Afghan people. Britain supported the efforts of members of the Association of South-East Asian Nations to persuade Vietnam to reach a political solution on the basis of United Nations principles, and only a Soviet withdrawal from Afghanistan would satisfy the demands of the world community and bring peace to that country.

On the question of terrorism, Sir Geoffrey urged effective international co-operation to halt its spread. Many of the necessary international agreements were in place and needed to be enforced. 'We must all make it clear that we will not submit to blackmail, that we will not tolerate terrorist acts and that we will not harbour terrorists.' Britain had tightened control of unacceptable activities by members of diplomatic missions, and had put forward proposals for international action on more stringent security measures at airports and civil aviation operations (see pp 257-8).

Conclusion

Concluding, Sir Geoffrey said that the United Nations could be improved in many ways by getting better value for money, preventing politicisation of the main bodies, and streamlining the organisation's political organs (see pp 230-2). Although many challenges still remained after the efforts of 40 years, the human suffering in Ethiopia had prompted encouraging examples of international co-operation, with British and Soviet aircraft working side by side, and United Nations and voluntary agencies pooling their efforts. Most striking of all had been the response of young people, the 'Live Aid' concerts touching the hearts of millions of young men and women around the world (see p 233). 'Their reaction showed that idealism and energy can rise above the barriers that divide us. It showed, too, the vigour of free societies where individual initiative can still set a standard for governments to match, and can remind us of the real brotherhood of man. We, who hold the responsibility of political leadership, have to show that we are capable of rising to that challenge.'

British-Soviet Relations

Britain's long-term commitment to improving relations with the Soviet Union was reaffirmed both by the Prime Minister, Mrs Margaret Thatcher, and by the Foreign and Com-

[1]Talks took place in New York between the Greek and Turkish Cypriot leaders under the auspices of the United Nations Secretary General.

monwealth Secretary, Sir Geoffrey Howe, following the expulsion from Britain in September of a number of Soviet officials for unacceptable intelligence activities.

On 12 September the Foreign and Commonwealth Office announced that, following information given by a senior officer (Mr Oleg Gordievsky) of the Soviet Union's KGB (Committee for State Security) who had sought and been granted political asylum in Britain, the Soviet Embassy in London had been informed that 25 Soviet officials had to leave the country within three weeks. A significant number of Soviet representatives working in London had been engaged in intelligence activities which were totally incompatible with their status and declared tasks and completely unacceptable to the British Government. The Government attached great importance to the development of a realistic dialogue with the Soviet Union which could contribute to mutual confidence between East and West and, although the action was necessary in the interests of national security, it remained British policy to work for an improvement in bilateral relations with the Soviet Union.

Soviet Response

Responding on 14 September, the Soviet Union announced the expulsion of 25 British embassy staff, journalists and businessmen from Moscow. Sir Geoffrey Howe described this action as totally unjustified and re-emphasised the British Government's desire for improved political and commercial relations with the Soviet Union. 'But this Soviet action, for which there is no objective justification whatsoever, is bound to set back that process.'

Having given careful consideration to the implications of these expulsions, the British Government on 16 September informed the Soviet Embassy that it was not prepared to accept them and that they were 'an unwarranted victimisation of innocent people'. A further six Soviet citizens in London would therefore have to leave within three weeks since Mr Gordievsky had provided incontrovertible evidence that they had been concerned in the unacceptable activities of the Soviet intelligence services in Britain.

Commenting on these developments on her arrival in Cairo on 16 September at the start of her visit to Egypt and Jordan (see below), Mrs Thatcher said that the Soviet Union's action was a vindictive one taken because its subversive and intelligence activities in Britain had been exposed. That was why a further six Soviet citizens had to be removed. However, she hoped that a line could be drawn under this frustrating episode and that the vital task of restoring relations between the Soviet Union and Britain could continue. The British Government, she said, was ready to take this positive approach and it hoped that it would be met with a constructive response from the Soviet Union. On 18 September, however, the Soviet Union expelled another six British people from Moscow.

In a statement issued by the Foreign and Commonwealth Office on 18 September it was emphasised that the Soviet Union had to bear the full responsibility for authorising the intelligence and subversive activities exposed by Mr Gordievsky and for compounding this unacceptable behaviour by acting vindictively and without justification against British citizens in Moscow. This severe setback to British-Soviet relations was not of Britain's choosing. Britain hoped that the Soviet Union had learnt that an improved relationship could not be bought at the expense of British national security: if so, conditions would exist for the long-term improvement in British-Soviet relations which had been and would remain the Government's ultimate objective.

Meeting with Soviet Foreign Minister

Following a meeting with the Soviet Foreign Minister, Mr Eduard Shevardnadze, in New York on 24 September, Sir Geoffrey said that he had underlined Britain's view that recent Soviet misconduct had cast doubt upon the sincerity of the Soviet Union's commitment to improving relations between the two countries. At the same time he had made it plain that Britain had not lost sight of its long-term fundamental objective: namely, the improvement of relations between Britain and the Soviet Union and between East and West. Referring to the forthcoming summit meeting in Geneva on 19 and 20 November between the United States President, Mr Ronald Reagan, and the Soviet leader, Mr Mikhail Gorbachev, Sir Geoffrey said that Britain hoped that the Soviet Union would approach that meeting in a serious, realistic way, with the intention of settling down to the long, patient search for effective agreements on arms control that would begin reducing tension for the benefit of people in East and West.

Middle East

A British attempt, in support of a Jordanian plan, to advance the Middle East peace process received a setback in October, when planned talks in London between Britain and a joint Jordanian-Palestinian delegation were cancelled due to the refusal of one Palestinian representative to associate himself with a previously agreed statement recognising Israel's right to exist within secure and recognised boundaries. Meanwhile, in the absence of a settlement, outbreaks of violence have continued to afflict the region, including an Israeli air raid on the headquarters of the Palestine Liberation Organisation (PLO) in Tunis on 1 October and the hijack of an Italian cruise ship, *Achille Lauro*, by Palestinian terrorists and the subsequent murder of a United States citizen on board.

The invitation to the joint Jordanian-Palestinian delegation was issued by the Prime Minister, Mrs Margaret Thatcher, during a visit to Egypt and Jordan from 16 to 20 September. In a statement to the House of Lords on 15 October (*Hansard* (*HL*), Vol 467, No 142, cols 478–87), Lady Young, Minister of State at the Foreign and Commonwealth Office, said Britain's objective in issuing the invitation had been to assist the search for peace in the Middle East and to demonstrate in a practical way support for King Hussein's

initiative of 11 February (see below), in which he had challenged the Palestinians to join him in a joint approach to peace negotiations with Israel. The Government had intended to use the meeting to explain at a high level its strongly-held view that a peaceful settlement had to be based on the fundamental and balanced principles of the right of Israel to exist in peace and security and the right of the Palestinian people to self-determination.

During her visit, Mrs Thatcher held talks with both President Mubarak of Egypt and King Hussein of Jordan aimed principally at promoting efforts to reach a solution to the Arab-Israel dispute. Britain's bilateral relations with both countries were also discussed, including British support for their economic development.

ARAB-ISRAEL CONFLICT

Peace Efforts

Since Israel's occupation of the West Bank, Gaza Strip, Sinai and the Golan Heights during the Six-Day War in 1967, efforts to find a solution to the Arab-Israel conflict have been largely based on United Nations Security Council resolution 242, adopted in November 1967, and resolution 338 of October 1973 urging its implementation. Resolution 242 emphasised the inadmissibility of the acquisition of territory by force and called for Israel's withdrawal from occupied territories in return for the right to live in peace within secure borders. The PLO rejected the resolution on the grounds that it referred to the Palestinians only as a refugee problem.

Following the 1973 Arab-Israel war, a series of disengagement agreements between Israel and neighbouring Arab states were negotiated by the United States but peace efforts lost momentum until the late President Sadat of Egypt's visit to Jerusalem in 1977, which led to the signing, in September 1978, of the Camp David agreements. These in turn resulted in the 1979 Egypt-Israel peace treaty (see pp 91-2, 1979), under which Israeli forces withdrew from Sinai. Little progress was made, however, on that part of the treaty aimed at holding talks to achieve a fully autonomous Palestinian authority in the West Bank and Gaza, owing to fundamental differences on such issues as that of ultimate sovereignty over the territories. Both Jordan and the Palestinians refused a role in the ensuing peace process, partly because Israel rejected talks with the PLO. Egyptian-Israeli talks were suspended following the Israeli invasion of Lebanon in June 1982 (see p 196, 1982).

Following the evacuation of the PLO from Beirut to other Arab countries in 1982, President Reagan announced a new plan which proposed self-government by the Palestinians of the West Bank and Gaza in association with Jordan; a freeze on Israeli settlements in occupied territories; guarantees for the security of Israel; and an undivided Jerusalem with its final status to be decided through negotiation (see pp 285-6, 1982). The Israeli Government rejected the initiative on the grounds that it was contrary to the Camp David agreements, but King Hussein of Jordan accepted the concept of a joint Jordanian-Palestinian committee as a step towards a future formal relationship between the West Bank and Jordan.

The Arab League summit meeting in Fez, Morocco, in September 1982, did not comment on the Reagan initiative but announced the adoption of an eight-point peace plan which offered peace among all states of the region, a formulation which was widely interpreted as recognising Israel's right to exist, in return for the withdrawal of Israeli forces from all Arab territories occupied in 1967, the dismantling of settlements established in the occupied territories and the placing of the West Bank and Gaza under United Nations supervision pending the establishment of a Palestinian state, of which Jerusalem would be the capital (see p 286, 1982). This plan was also rejected by Israel.

An agreement announced in February 1985 between King Hussein and Mr Yassir Arafat, leader of the PLO, constitutes the latest initiative in the search for a peaceful solution to the Arab-Israel dispute. The proposed plan calls for a negotiated settlement based on the exchange of peace for territory: Israeli withdrawal from the occupied Arab West Bank and Gaza Strip; the subsequent incorporation of these territories into a confederation with Jordan; and an international conference attended by the five permanent members of the Security Council and by a joint Jordanian-Palestinian delegation. On 25 February President Mubarak proposed a conference with the participation of Israel, Jordan and the United States, Palestinians to be included in the Jordanian delegation. The Israeli Prime Minister, Mr Shimon Peres, described the proposal as 'worthy of positive and careful examination', and, following talks between Israeli and Egyptian representatives, an Israeli spokesman said on 27 February that Mr Peres had voiced support for direct negotiations without preconditions with either Jordan or a Jordanian-Palestinian delegation that did not include any PLO representatives.

King Hussein held two rounds of talks with the United States in May in which he reaffirmed Jordan's readiness to negotiate for peace within the context of an international conference on the basis of the United Nations resolutions. The United States expressed opposition to an international conference on the grounds that the Soviet Union had not yet demonstrated a willingness to play a constructive role in the Middle East, but accepted that direct negotiations between Israel and a Jordanian delegation had to include Palestinians. On 10 June the Israeli Prime Minister, in a speech to the Knesset, rejected King Hussein's proposal for an international conference and instead suggested enlisting the support of the Security Council's permanent members for direct negotiations without preconditions between Israel, Jordan and the Palestinians, the latter participating through 'authentic representatives from the territories'.

The British Initiative

During her visit to Egypt and Jordan, Mrs Thatcher stressed on a number of occasions Britain's firm commitment to the Middle East peace process and, in particular, its strong support for King Hussein's peace initiative. Britain could not accept a situation of permanent stalemate and felt a duty to help prepare the way for negotiations aimed at achieving a stable peace providing security for all states in the area, including Israel, and the exercise of the legitimate rights of the Palestinian people.

A climate of greater confidence was needed, so that all parties would be prepared to take some risks for peace. Peace could not be achieved through violence

and terrorism, nor if the people in the occupied territories were denied the possibility of living under a system of government in which they could have confidence. Britain acknowledged the importance of giving a fresh impetus to the peace negotiations and of seeing the proposed first step of a meeting between the United States Assistant Secretary of State, Mr Richard Murphy, and a joint Jordanian-Palestinian delegation get off the ground.

It was against this background that Mrs Thatcher announced on 20 September that Britain would receive a joint Jordanian-Palestinian delegation in London as soon as it could be arranged. The members of the delegation would be, on the Jordanian side, the Deputy Prime Minister, Mr Abdel Wahab Al-Majali, and the Minister for Foreign Affairs, Mr Taheer Al-Masri, and, on the Palestinian side, Bishop Elia Khouri and Mr Mohammed Milhem, a member of the PLO executive committee. Mrs Thatcher expressed the hope that Britain's action would help the United States to follow the initiative and meet their own Jordanian-Palestinian delegation, and that it would be seen as a fresh and constructive step in support of King Hussein's plan.

Cancellation of the Talks

On 14 October the Government announced that the meeting arranged for that day between the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, and the joint Jordanian-Palestinian delegation would not now take place.

In her statement to the House of Lords on 15 October Lady Young outlined the reasons for this decision. The names of the two Palestinian delegates, Mr Milhem and Bishop Khouri, had been put forward on the understanding that they personally supported a peaceful settlement of the Arab-Israel dispute on the basis of the relevant United Nations resolutions and were opposed to terrorism and violence. Furthermore, Britain had received unambiguous assurances that the two Palestinians would make this clear publicly during their stay in London.

In the week prior to the proposed meeting, the British Ambassador in Amman had negotiated with the Jordanian Prime Minister the text of a statement which it had been agreed would be issued by the delegation after their talks with Sir Geoffrey Howe. This stated that: 'the members of the joint delegation reiterated their personal support for a peaceful settlement of the Arab-Israel dispute on the basis of the relevant United Nations resolutions, including resolutions 242 and 338 of the Security Council. They stated that, in accordance with these resolutions, a settlement should recognise the rights of the Palestinian people, including the right to self-determination within the context of a Jordanian-Palestinian confederation, as well as the right to secure existence of all states in the area, including Israel, within its 1967 borders. They confirmed their opposition to all forms of terrorism and violence from whatever source'

Following their arrival in London on 12 October, Lady Young continued, the two Palestinians had said that they were not, after all, willing to associate themselves with the statement. The Government had then stressed to members of the delegation its fundamental requirement that they should confirm their personal commitment to a peaceful settlement which recognised Israel's right to exist within secure and recognised boundaries and their opposition to all forms of terrorism and violence. One of the Palestinian members of the delegation, however, had been unwilling to accept a specific reference to Israel's right to exist, and the British Government had therefore concluded that the meeting with the joint delegation could not take place.

The Government had kept in the closest touch with King Hussein and his Government, who shared Britain's disappointment at this setback. On 14 October, Sir Geoffrey Howe had talks with the Jordanian Deputy Prime Minister and the Foreign Minister, and had reaffirmed Britain's firm support for King Hussein's initiative, which offered the best prospect of further progress. Britain, Lady Young concluded, was deeply disappointed that the opportunity offered by the meeting had been missed and believed that the international community had to be ready to encourage those working for a peaceful settlement in the Middle East. Britain had shown that it was ready to do so and there could be no lasting settlement until all others were ready to do the same.

In a newspaper interview on 15 October, King Hussein, present in London on a private visit, said that Britain's decision to cancel the meeting was the logical course of action to take after one of the Palestinians had disagreed with the conditions decided between all parties for the talks. It had been clear that there would be a statement made by the two Palestinians, the text of which, he said, had been agreed upon in advance.

Israel's Air Raid on Tunis

On 1 October Israel carried out an air attack on the headquarters of the PLO in Tunis, capital of Tunisia, in retaliation for recent terrorist attacks on Israeli citizens, including the murder of three Israeli tourists in Larnaca, Cyprus, on 25 September. At least 60 people, some of them Tunisians, are believed to have been killed in the attack.

Security Council Resolution

At Tunisia's request the United Nations Security Council met to discuss the Israeli attack and on 4 October passed resolution 573 (by 14 votes in favour to none against with 1 abstention), expressing its deep concern over the heavy loss of human life and extensive material damage caused by the attack, which constituted a threat to peace and security in the Mediterranean region. The resolution condemned 'the act of armed aggression perpetrated by Israel against Tunisian territory in flagrant violation of the Charter of the United Nations, international law and norms of conduct', and urgently requested United Nations member states to take measures to dissuade Israel from resorting to such acts against the sovereignty and territorial integrity of all states. The resolution also drew attention to the serious effect that such acts were bound to have on any initiative designed to establish an overall, just and lasting peace in the Middle East.

Britain's View

Explaining his support for the resolution, Britain's representative at the United Nations, Sir John Thomson, told the Security Council on 2 October that there could be no question that the Israeli raid constituted

a serious violation of Tunisian sovereignty and had been the cause of the indiscriminate killing and wounding of many innocent civilians. Britain had for many years enjoyed excellent and friendly relations with Tunisia and felt particular sadness that a country known for its peaceful and moderate stance in international relations, and one which had consistently played an important and constructive part in the history of the United Nations, should suffer such an act of violence.

Sir John re-emphasised Britain's understanding for the deep feelings of revulsion and anger in Israel at recent terrorist attacks. Britain's abhorrence of international terrorism was well known, he said, but the Government condemned any terrorist act anywhere in the world and could not accept as valid those reasons put forward by the Government of Israel for their action.[1] Member states of the United Nations were committed to settle their international disputes by peaceful means and the arbitrary and disproportionate violence of the Israeli action, even in retaliation, was in clear breach of this obligation. Britain, moreover, was not satisfied that the accusations levelled at the PLO concerning the deplorable murder of three Israeli citizens in Cyprus on 25 September were valid, and took note of the statement issued in Nicosia by the PLO explicitly denying involvement and condemning the action. Even if there had been demonstrable responsibility on the part of the PLO, this would not have justified the retaliation against Tunisia.

Britain, in common with the other members of the European Community and Spain and Portugal, had issued a statement on 1 October strongly condemning the bombardment, which constituted a further element in the cycle of violence and counter-violence in the area. While condemning the acts of terrorism committed against Israeli citizens, member states were of the opinion that they did not justify such action by Israel.

Britain believed that there was an urgent need to break the cycle of violence and urged all those who supported efforts to resolve the Arab-Israel dispute in a peaceful and just manner not to be deterred by the latest chapter in the unhappy history of violent reprisal. Britain called upon the Israeli Government, and all the parties concerned, to reaffirm their commitment to seeking a peaceful solution, and to abstain completely from violent and provocative actions which imperilled this objective.

The Hijacking of the *Achille Lauro*

On 7 October, a group of Palestinians, who identified themselves as members of the Palestinian Liberation Front, hijacked an Italian cruise ship, the *Achille Lauro*, off Egypt and demanded the release of 50 Palestinians held in Israel, threatening to murder the United States passengers on board the ship if their demands were not met. The hijack ended on 9 October after negotiations involving the PLO and Egyptian and Italian authorities, when the terrorists surrendered to the Egyptian authorities in Port Said. It was subsequently revealed that during the hijack an elderly United States citizen on board had been murdered by the terrorists. On 10 October an Egyptian airliner, originally bound for Tunisia and carrying four terrorists, who were understood to be in the custody of two Palestinian officials also on board, was intercepted by United States naval aircraft and forced to land in Sicily. The Italian Government, which received a request from the United States to arrest the four hijackers and two Palestinian officials pending extradition, stated that the hijackers would face trial in Italy. One of the officials, Abu Abbas, leader of the Palestine Liberation Front, who is believed by the United States Government to have masterminded the hijack, later left Italy for Yugoslavia. Mr Abbas had earlier taken part in the negotiations which led to the surrender of the hijackers.

Britain's reaction to these events was expressed in an interview given by Sir Geoffrey Howe on 11 October, in which he said that the British Government applauded the fact that the terrorists would be brought to justice to face trial in a properly constituted court of law. It was most important that effective action, which was in the interests of the whole world, had been taken and was being taken against a particularly wanton act of terrorism.

[1] In a statement on 1 October, the Israeli Defence Minister, Mr Yitzhak Rabin, held the PLO responsible for the killing of three Israeli citizens in Cyprus and other acts of terrorism against Israelis and said that as long as PLO terrorism, or any other terrorism, worked against Israel, Israel would fight it.

ECONOMIC RELATIONS WITH EGYPT AND JORDAN

Britain's aid to Egypt aims principally to reinforce economic growth, help overcome shortages of middle-level technical and professional staff, and help provide basic public health services in Cairo.

On 18 September, Mrs Thatcher attended the inauguration of the greater Cairo waste-water project, one of Britain's largest overseas development commitments and believed to be the biggest project of its kind in the world. The project, for which Britain is providing a grant of £50 million, to be spent half on consultants' fees for design and supervision and half on construction, is jointly funded with the United States and the Egyptian Government and is designed to provide Cairo with a modern sewage disposal system to replace the old one, built for a tenth of the city's present population. The scheme which is also backed by an Export Credits Guarantee Department (ECGD) line of credit, recently increased to £185 million, is expected to have a major impact on living conditions and public health. The inauguration ceremony marked the beginning of major engineering works which will involve close co-operation at every level between British and Egyptian businessmen and firms.

During her visit Mrs Thatcher signed a further aid agreement for a grant of £12·5 million from the Aid and Trade provision (see p 263) together with ECGD-backed credit of £37·5 million towards the £80 million investment to redevelop Maghara coal-mine in the Sinai as Egypt's first mechanised long-wall coal-mine. When fully developed the mine is planned to produce 600,000 tonnes of coal per year which will make a significant contribution to Egypt's economy by reducing reliance on imported fuel. This development will also provide many jobs in the mine itself and in the provision of services needed by the mining community. Babcock Contractors Ltd have been awarded the contract to supervise the project and other British firms will be involved in providing equipment for the project. The Maghara scheme is one of four possible aid

projects identified in a 1983 memorandum of understanding under which Britain agreed to provide an aid-credit package of up to £64 million. The others were the El Omoum irrigation drain, production of draglines, and electric power development in the north-west. Other aid projects supported include a large World Bank population project and the west Sebaeya mining scheme which supplies phosphate for processing at Abu Zaabal.

Other involvement by British firms in Egypt includes considerable investment by Shell and BP in oil exploration and development; major banking interests; tourist services, insurance, aviation and shipping links. The total value of British exports (mainly machinery and transport equipment, chemicals and related products and manufactured goods) to Egypt was £428 million in 1984 and British imports (mainly mineral fuels) totalled £165 million.

Britain has a modest aid programme in Jordan (£6 million in 1984) which is concentrated on technical education and on strengthening local institutions, particularly in the electrical and natural resources sectors. Assistance has for some years been provided to the Irbid District Electrification project, which is aimed primarily at providing mains electricity for most of Jordan's population by the early 1990s by linking about 420 villages and isolated settlements to the supply system. The project will help to promote economic activity in the region and increase employment opportunities in local agriculture and related industries. In addition, in 1984 a grant of £3·6 million from the Aid and Trade Provision was made towards the cost of the Aqaba-Amman transmission line. The total value of British exports to Jordan was £193 million in 1984 and British imports totalled £18 million.

Shorter Note

SALE OF DEFENCE AIRCRAFT TO SAUDI ARABIA

Under a memorandum of understanding signed by the British and Saudi Arabian Governments on 26 September Britain is to supply Saudi Arabia with 72 strike/attack and air defence Tornado, 30 Hawk and 30 training aircraft. Saudi Arabia's order, which is part of a modernisation of the Saudi air force, is worth some £3,000 to £4,000 million.

At a press conference after the signature of the memorandum, the Secretary of State for Defence, Mr Michael Heseltine, said that Saudi Arabia was involved in peace plans in the Middle East. Saudi Arabia was a force for peace and stability in the area and peace was best preserved from a point of strength and not from a point of weakness. It was entirely understandable, Mr Heseltine said, that Saudi Arabia should wish to update its aircraft to match other states that had done so, and Britain's close friendship and long association with Saudi Arabia meant that the British Government could rely on its peaceful intentions.

National Accounts 1984

The British economy continued to grow in 1984, with gross domestic product (GDP) increasing by some 2·5 per cent, despite the effects of the coal industry dispute. Real personal disposable income grew by slightly over 2 per cent, and the volume of fixed investment grew by 8 per cent to a record level.

The Central Statistical Office's 'Blue Book',[1] published on 6 September, gives revised details of the national accounts for each of the 11 years from 1974 to 1984, with summary tables going back to 1963.

Gross Domestic Product

Prominence is conventionally given in British statistics to GDP as the measure of national wealth, of the value of the goods and services produced within the economy. It can be measured in three ways: as the sum of all the incomes arising in the economy; as the sum of all the expenditures; and as the sum of all the (value-added) outputs of every industry. In theory, all three measures produce the same figure, but in practice there are variations. In the short term the output measure is usually regarded as the most reliable indicator of GDP while in the longer term the average measure (that is, the average of the other three measures) is thought to be the best guide.

There are also two different ways of valuing these measures: at *market prices* and at *factor cost*. The first way considers the prices that purchasers actually pay for goods or services, taxes on expenditure and government subsidies not being differentiated from the other elements of the producers' incomes. Domestic product at factor cost, however, measures only the incomes of the factors of production by subtracting taxes and adding government subsidies.

The value of goods and services produced in Britain, as measured by the average estimate of GDP at constant factor cost, increased by nearly 2·5 per cent between 1983 and 1984, to a level over 3·5 per cent above the previous peak in 1979 (see Table 1). This result, however, was affected by the coal industry dispute (see p 47), the effects of which are estimated to have depressed GDP between 1983 and 1984 by slightly more than 1 per cent.

The average measure of GDP at current market prices (often referred to as 'money GDP') rose by 7 per cent between 1983 and 1984, the coal dispute again depressing this by a little over 1 per cent.

[1] *United Kingdom National Accounts 1985 Edition.* Central Statistical Office. HMSO, £12·95. ISBN 0 11 620155 X.

Table 2 shows the expenditure measure of GDP (and gross national product) by category of expenditure, both at market prices and factor cost, in current and constant terms.

Output by Industry

The volume of goods and services produced in Britain, as measured by the output estimate of GDP at constant factor cost, rose by 3 per cent between 1983 and 1984 (see Table 3). The coal dispute reduced this output measure by about 1 per cent.

Manufacturing output increased by nearly 4 per cent. Among the various sectors of manufacturing, the output of the electrical and instrument engineering industry was 14 per cent higher, the chemical industry showed a 6 per cent rise and metal production grew by 5 per cent. The output of most other sectors of engineering fell slightly, however. Construction output rose by 3·5 per cent between 1983 and 1984, but energy production fell by 5 per cent, despite a 7 per cent rise in oil and gas extraction, owing to a fall of over 60 per cent in coal production. Agricultural output was well in excess of its previous record level in 1982

Most of the service industry sectors showed some growth between 1983 and 1984. The most prominent growth occurred in banking, finance, insurance, business services and leasing (7 per cent), in communication (6 per cent) and in other services (personal and social services, entertainment, recreation and miscellaneous services) (6 per cent).

Output both in transport and in distribution, hotels, catering and repair services rose by nearly 4 per cent.

Personal Income, Expenditure and Saving

Income from employment increased by 6 per cent between 1983 and 1984, while income from self-employment rose by 13 per cent (see Table 4). Total personal disposable income rose by between 7 and 7·5 per cent. Prices, as measured by the consumers' expenditure deflator, increased by 5 per cent, with the result that real personal disposable income grew by slightly more than 2 per cent.

Consumers' expenditure at current prices grew by less than personal disposable income and the saving ratio therefore rose slightly.

In volume (real) terms consumers' expenditure rose by just over 1·5 per cent between 1983 and 1984. Spending on durable goods was little changed. Among other types of goods and services, expenditure on food and tobacco declined, but all other major categories showed some growth, with increases of some 5 per cent on clothing and footwear and on alcoholic drink (other than beer).

Table 1
Average Measures of Gross Domestic Product

	1974	1979	1983	1984
at current factor cost (£000 million)	75·4	171·7	258·0	277·3
at current market prices (£000 million)	83·7	196·9	300·7	322·1
at constant factor cost (1980 = 100)	93·0	102·4	103·6	106·1
at constant market prices (1980 = 100)	92·5	102·6	103·5	106·2

Table 2
Gross Domestic Product (by category of expenditure)

	£ million at 1980 prices			*£ million at current prices*	
	1980	1983	1984	1983	1984
Market prices					
Consumers' expenditure	136,995	143,074	145,455	182,207	194,673
Central government final consumption	29,940	30,951	31,066	40,616	42,892
Local authorities' final consumption	18,966	19,255	19,623	25,082	26,763
Gross domestic fixed capital formation	41,588	41,947	45,391	49,046	55,319
Value of physical increase in stocks and work in progress	−2,857	741	68	772	−177
Total domestic expenditure	224,614	235,968	241,603	297,723	319,470
Exports of goods and services	63,115	64,133	68,528	80,037	91,736
Total final expenditure	287,729	300,101	310,131	377,760	411,206
Less imports of goods and services*	−57,718	−62,018	−67,831	−77,171	−91,852
Gross domestic product at market prices†	230,011	238,083	242,300	300,589	319,354
Net property income from abroad	−219	1,961	2,440	2,440	3,304
Gross national product at market prices†	229,792	240,044	244,740	303,029	322,658
Factor Cost					
Adjustment to factor cost‡	−30,765	−31,576	−32,847	−42,702	−44,781
Gross domestic product at factor cost	199,246	206,507	209,453	257,887	274,573
Gross national product at factor cost	199,027	208,468	211,893	260,327	277,877

*Excluding taxes on expenditure levied on imports.
†Including taxes on expenditure levied on imports.
‡Taxes on expenditure less subsidies.

Table 3
Index Numbers of Output (at constant factor cost)

1980 = 100

	1974	1979	1983	1984
Agriculture, forestry and fishing	88·8	90·1	106·4	119·0
Energy and water supply	52·2	100·5	115·9	110·0
Manufacturing	112·8	109·5	96·9	100·6
Construction	106·7	105·8	95·3	98·6
Distribution, catering and hotels, and repair business	102·3	107·9	103·1	106·8
Transport and communication	93·3	101·3	101·9	106·6
Other services	84·9	97·6	105·7	109·6
Gross domestic product (output measure)	93·7	103·0	103·1	106·2

Table 4
Personal Income and Expenditure

£ million

	1983	1984
Income from employment	170,006	180,342
Income for self-employment*	23,753	26,885
Rent, dividends and net interest	25,858	27,752
Current grants from general government†	39,419	42,703
Other‡	1,704	1,874
Total personal income	260,740	279,556
Deductions from income:		
British taxes on income	32,911	34,724
National Insurance and related contributions	20,688	22,484
Other current transfers	1,699	1,824
Personal disposable income	205,442	220,524
of which:		
Consumers' expenditure	182,207	194,673
Saving	23,235	25,851

*Before providing for depreciation and stock appreciation.

†Including National Insurance benefits.

‡Other current transfers and the imputed charge for capital consumption of private non-profit-making bodies.

Company Sector

Company gross trading profits (at current prices) rose by nearly a fifth (£44,931 million to £54,744 million) between 1983 and 1984, much the same as the increase between 1982 and 1983. A downturn in the gross trading surplus of public corporations largely reflected the effects of the coal dispute.

The gross trading profits of North Sea oil companies rose by over a fifth during 1984 (from £15,784 million to £19,116 million) and those of other industrial and commercial companies by almost a quarter (£25,012 million to £31,047 million). In 1984 the industrial and commercial sector had a financial surplus (broadly defined as undistributed income less expenditure on fixed investment and in stocks) of £6,946 million, following a surplus of £4,576 million in 1983.

Fixed Investment and Stockbuilding

The volume of gross fixed domestic capital formation rose by 8 per cent during 1984 in real terms to a new record level (see Table 2).

Investment in vehicles, ships and aircraft grew by 20 per cent to £4,443 million at constant prices (£5,786 million in current prices); investment in new buildings and works, other than dwellings (which showed no growth), rose over 12 per cent to £13,823 million (£14,759 million); and that in plant and machinery increased by 7 per cent to £15,848 million (£20,112 million).

By industrial sector the largest growth rates occurred in transport (up 25 per cent), distribution (17 per cent), manufacturing, excluding leased assets (16 per cent), banking, finance, insurance and business services (15 per cent) and the extraction of oil and natural gas (14 per cent).

The level of stocks and work in progress, valued at constant prices, was little changed between the end of 1983 and the end of 1984 following stockbuilding of about £750 million during 1983 and heavy destocking in the three years 1980 to 1982.

Reductions in energy and water stocks, following the effects of the coal dispute, and stock reductions in wholesale distribution and by central government, were balanced by a large increase in stocks in retailing and repairing and small amounts in agriculture and forestry and manufacturing.

Finance Ministers' Meeting

The Chancellor of the Exchequer, Mr Nigel Lawson, and the Governor of the Bank of England, Mr Robin Leigh-Pemberton, attended a meeting of finance ministers and central bank governors of the 'Group of Five' highly industrialised nations in New York on 22 September. The participants reviewed economic developments and policies and agreed that fundamental economic conditions were not fully reflected in exchange rates and that these should play a role in adjusting trade imbalances.

The meeting of the 'Group of Five' – France, the Federal Republic of Germany, Japan, the United States and Britain – was held in the context of the members' agreement to conduct mutual surveillance and as part of their preparations for the International Monetary Fund and World Bank meetings taking place in Seoul, Korea, from 7 October. The ministers and governors reviewed economic policies in each of their countries and assessed their implications for economic prospects, external balances and exchange rates.

Joint Statement

After the meeting a joint statement was issued. The ministers and governors were of the view that significant progress had been made in their efforts to promote a convergence of favourable economic performance on a path of steady non-inflationary growth. They felt, however, that recent shifts in fundamental economic conditions among their countries, together with policy commitments for the future, had not been reflected fully in the exchange markets.

The current sustained economic expansion was occurring within a framework of declining inflation, a phenomenon which had been unprecedented in the past three decades. Positive economic developments notwithstanding, however, there were large imbalances in external positions which posed potential problems. In particular, the United States had a large and growing current account deficit, and Japan, and to a lesser extent the Federal Republic of Germany, large and growing current account surpluses. These external imbalances reflected a wide range of factors, among which were: the deterioration in the external position of the United States which it had experienced from its period of very rapid relative growth; the particularly large impact on the United States' current account of the economic difficulties and the adjustment efforts of some major developing countries; the difficulty of trade access in some markets; and the appreciation of the United States dollar.

The United States' current account deficit, together with other factors, was contributing to protectionist pressures which, if not resisted, could lead to mutually destructive retaliation with serious damage to the world economy. The ministers and governors affirmed that each of their countries remained firmly committed to its international responsibilities and obligations and that they shared special responsibilities to ensure the mutual consistency of their individual policies. It was essential that any protectionist pressures be resisted.

The ministers agreed that, in countries where the budget deficit was too high, further measures to reduce the deficit substantially were required. They recognised the importance of providing access to their markets for exports of less developed countries as those countries continued their essential adjustment efforts and saw this as an important additional reason to avoid protectionist policies. They welcomed the preparatory meeting of the General Agreement on Tariffs and Trade (GATT) scheduled for late September in Geneva and expressed their hope that it would reach a broad consensus on subject matter and procedures for a new GATT round.

The ministers and governors agreed that exchange rates should play a role in adjusting external imbalances and that, in order to do this, they should better reflect fundamental economic conditions than had been the case. They believed that agreed policy actions must be implemented and reinforced and that in view of the present and prospective changes in fundamentals some orderly appreciation of the main non-dollar currencies against the dollar was desirable. They stood ready to co-operate more closely to encourage this when to do so would be helpful.

Britain's Views

A British policy statement issued at the same time said that the Government, noting that the British economy had experienced steady growth of output and domestic demand over the past four years, would continue to pursue policies designed to reduce inflation; to promote sustained growth of output and employment; to reduce the size of the public sector; to encourage a more competitive, innovative, market-oriented private sector; to reduce regulation and increase incentives throughout the economy; and to maintain open trading and capital markets free of foreign exchange controls.

At a press conference in London on 23 September, Mr Lawson reiterated that there was no change in the British Government's monetary and financial policy. He felt that the approach outlined in the ministers' and governors' statement had evolved naturally from the agreement reached at the previous meeting of the Group of Five in Washington in January (see p 41). [The January meeting took place in the context of severe instability of exchange rates, notably the sterling rate, and ministers agreed to intervene as necessary to achieve greater stability. Since 28 January the index of sterling against other major currencies has risen from 70·4 (1975=100) to 83·1 at the close of trading in London on 23 September. Clearing bank base rates which had risen to 14 per cent in January, had fallen back to 11·5 per cent by September. The Government does not anticipate any dramatic effect on the sterling index as a result of any readjustment of the exchange rates of the dollar, the Deutsche Mark and the yen which might now occur.]

Industrial Development Act Report

Details of the main schemes of aid to industry provided directly by the Department of Trade and Industry and the Scottish and Welsh Offices in 1984-85 are contained in the annual report on the Industrial Development Act 1982.[1]

The Industrial Development Act 1982 (see p 364, 1982) consolidates previous legislation, including the main provisions of the Industry Act 1972 (see pp 267-8, 1972) on regional and national assistance. Aid is primarily provided for regional assistance, national selective assistance (chiefly comprising general and sectoral schemes with some other measures of national assistance), special assistance for shipbuilding and associated industries, and small firms assistance.

Regional Aid

Regional development grants once again provided the largest element of government support to industry in the 'assisted areas'[2] in 1984-85, amounting to £411

[1] *Industrial Development Act 1982.* Annual report by the Secretaries of State for Trade and Industry, Scotland and Wales for the year ended 31 March 1985. HMSO, £7·60. ISBN 0 10 255685 7. Responsibility for the promotion of industrial development in Northern Ireland rests with the Industrial Development Board (see p 327, 1982).

[2] 'Assisted areas' are those parts of Great Britain which have the highest levels of unemployment and where the economic structure is weakest (see map, p 450, 1984).

million. They are made principally towards capital expenditure incurred in providing new buildings and works, on adaptations to existing buildings and on new plant and machinery to be used in these premises. The total amount of grant paid out on new buildings and works was £70 million and on plant and machinery £341 million.

Regional selective assistance is made available to encourage sound projects that will improve employment opportunities in the assisted areas. Projects qualifying for assistance fall into two broad categories: new projects and expansions which create additional employment, and projects for modernisation or rationalisation which safeguard existing employment. In 1984-85 grants totalling £176 million were paid to industry in the form of regional selective assistance. The Government was also able to claim £11 million in respect of this assistance from the European Regional Development Fund. The total amount of regional assistance (including regional selective assistance) received from the Fund was £21 million.

The European Regional Development Fund, the Department of Trade and Industry, and the Scottish and Welsh Offices are jointly offering £61 million of grants through a series of special measures in areas of Britain affected by job losses in the steel, shipbuilding and textile and clothing industries to help new businesses start up and existing small firms grow. The Regional Development Fund contribution is £43 million.

The exchange risk guarantee scheme encourages private industry to take advantage of foreign currency loans available from European Community institutions by providing a guarantee against the exchange risk. Under the scheme the borrower accepts only a sterling liability; the Government takes the exchange risk in return for an annual premium on the outstanding value of the loan. The scheme applies to loans for manufacturing industry and for certain services including tourism. During 1984-85 exchange risk cover was supplied on loans totalling £72 million. By the end of March 1985, £616 million of loans attracting exchange risk cover had been made. [The scheme has been reviewed since March and now covers only loans from the European Coal and Steel Community, up to a maximum of £500,000 for each supported project.]

Decisions on a number of aspects of a revised structure of regional industrial incentives were announced on 28 November 1984 (see pp 449-53, 1984). On 29 November 1984 there came into force a new map of the assisted areas, together with a new regional development grant scheme. However, payments under the old scheme continued throughout the year as a result of the transitional arrangements and only £300,000 had been paid out under the new scheme by 31 March. On the same day responsibility for regional development grants in Scotland and Wales were transferred to the relevant Secretaries of State. The regional selective assistance scheme was amended to incorporate grants to service industries into the main scheme. The office and service industries scheme was discontinued. Also, those relocation projects where there is no net increase in jobs are now normally excluded from regional selective assistance.

National Selective Assistance

A range of support continues to be given as national selective assistance under section 8 of the Industrial Development Act; the schemes involved can be broadly categorised into general investment schemes and other measures generally directed at particular activities or industrial sectors. Total grant payments under section 8 arrangements since 1972 increased by £122 million in 1984-85 to £776 million, keeping the level of annual payments at about twice the cash figure spent in 1979-80 for the second consecutive year. One scheme closed to new applications during 1984-85: the innovation-linked investment scheme. An extension was announced to the coal-firing scheme.

Three schemes – the microelectronics industry support programme, the fibre-optics and opto-electronics scheme and the flexible manufacturing systems scheme (see p 320) – were affected by the temporary moratorium imposed on applications during a review of the Department of Trade and Industry's support for industrial research and development which was announced on 12 November 1984. The outcome of the review, announced on 25 March 1985 (see p 132), was a change in the emphasis of the Department's support from project-related support to advisory services and collaborative research and development ventures, and the restrictions on new applications were lifted with effect from 1 April.

The purpose of the first small engineering firms investment scheme (SEFIS I) was to help small firms in the engineering industry by stimulating or accelerating new investment in specific types of advanced capital equipment. The scheme was introduced in 1982 and by the end of March 1985 assistance totalling £32 million had been offered for 1,446 projects costing £96 million. (For a report on its effectiveness, see p 384, 1984.) It was followed by SEFIS II in March 1983 which closed for applications in September 1983 and by 31 March 1985 had offered assistance worth £73 million for 4,881 projects costing £232 million.

Assistance is available under the general powers of the Industrial Development Act for major projects in manufacturing and service industries. Projects must be viable and lead to substantial improvements in performance or to the introduction of new products or processes. By 31 March 1985 assistance totalling £56 million had been offered towards 152 projects involving the investment of £522 million.

'Support for Innovation' (see pp 296-7, 1982) is a comprehensive facility for assisting approved research and development projects and for promoting the development and adoption of certain new technologies. Most of the assistance is made available under the Science and Technology Act 1965, but some is available under the Industrial Development Act. The innovation-linked investment scheme helps small and medium-sized enterprises to launch into production new or significantly improved products and processes. By 31 March 1985 assistance totalling almost £2 million had been offered for 54 projects costing £9·3 million and a further 14 applications were under consideration. The first microelectronics industry support programme had offered a total of £58 million to industry under the Industrial Development Act by 31 March 1985. A follow-up programme (see p 138, 1984) was announced on 19 March 1984. At 31 March 1985 offers totalling £15 million had been made towards projects costing £111 million and 26 projects were under consideration. The fibre-optics and opto-electronics scheme had offered assistance amounting to

£4·3 million under the Industrial Development Act by the end of March 1985. The flexible manufacturing systems scheme (see p 211, 1982, and p 138, 1984) was launched in 1982; the scheme now incorporates the robot support programme and also covers the use of advanced manufacturing technology in batch manufacture. By 31 March 1985 assistance totalling almost £43 million had been offered for 252 projects costing £172 million, with a further 16 projects being considered. The computer-aided design and test equipment support scheme was introduced in 1982 and, at 31 March 1985 assistance worth £24 million had been offered for 996 projects costing £94 million.

Under the small firms loan guarantee scheme a total of almost 16,100 guarantees had been issued in respect of £525 million of bank lending by 31 March 1985. The quality assurance support scheme is a contribution to the National Quality Campaign (see pp 173, 1983) and is designed to help small firms to improve their quality assurance procedures. At 31 March 1985, assistance totalling £500,000 had been offered for 57 projects costing £2 million and a further 56 applications were under consideration. The certification scheme, which encourages the development of third-party certification systems, was introduced in April 1983. At the end of March 1985 some £150,000 had been paid under the scheme. The purpose of the private sector steel scheme (see p 235, 1983) was to promote the survival of a healthy and efficient private steel sector by assisting companies engaged in the manufacture of primary steel and cold finished steel products to undertake the rationalisation and restructuring of their operations. It was announced on 7 March 1984 that, as assistance already offered together with assistance likely to be offered in respect of projects under appraisal meant that the total amount allocated to the scheme (£34 million) was fully committed, the scheme would be closed and no payments made after 1985. The aims of the coal-firing scheme (see p 133, 1982) are to reduce industry's consumption of oil and gas by switching to coal, to reduce unit costs through a reduction in energy costs and to assist equipment manufacturers by stimulating demand for their products. By 31 March 1985 assistance totalling £42 million had been offered for 341 projects costing £213 million. Under the offshore supplies interest relief grant scheme, grants worth £18 million were made during 1984-85.

Assistance to Shipbuilding

During the year 1984-85 grants valued at £6 million were offered under the shipbuilding intervention fund (see p 123, 1977) to secure orders for nine ships. This brought total grants offered since the inception of the fund in 1977 to £284 million, covering orders for 215 ships.

Small Firms Activities

In 1978 a business advisory facility called 'counselling' was introduced by the Department of Trade and Industry's Small Firms Service. Counselling is carried out through a network of over 100 area offices by experienced businessmen and through 'clinics' arranged by the service at various locations throughout England. In 1984-85 the number of new counselling cases dealt with increased to over 23,000 compared with 21,000 in 1983-84.

Financial assistance is provided for the setting-up of local enterprise agencies, small business clubs and similar bodies which offer advice to businessmen when the areas in which they are located have special features which inhibit their development. Grants totalling £116,000 were paid in 1984-85. Grants amounting to almost £90,000 were also made to Business in the Community, an organisation that aids the development of the local enterprise agency movement by encouraging industry and commerce to become more involved on a local level with the economic, training, social and environmental needs of the communities in which they operate. Grants exceeding £40,000 were paid to fund seminars whose object was to heighten awareness among professional advisers of small firms' financing requirements and of government services to assist them. A small number of educational establishments and other bodies running projects designed to improve the support facilities available to small businesses were also given grants totalling £38,000. The Department of Trade and Industry spent £53,000 on a video which aims to drive home the importance of training in finance, marketing and business planning skills to the success of a small business.

Other Matters

The Invest in Britain Bureau (see pp 139-40, 1983) promotion programme for 1984-85 included seven inward investment missions and 18 seminars and presentations. In March the Bureau launched a major publicity campaign, 'Britain means Business', designed to heighten awareness of Britain's advantages as a location for manufacturing investment. The campaign will be run in addition to the Bureau's normal programme for 1985-86. During 1984-85 offers of assistance amounting to £129 million were made under the Industrial Development Act to foreign-owned companies for 186 projects costing £1,400 million.

Shorter Notes

EXPORT CREDITS GUARANTEE DEPARTMENT

During 1984-85 the Export Credits Guarantee Department (ECGD) insured business to the value of £17,100 million (compared with £17,700 million in 1983-84), according to the latest annual trading results of the Department published on 2 September. Exports insured represented 25 per cent of British visible non-oil exports. Of the total amount insured by the ECGD, 38 per cent involved trade with other Western European countries, 15 per cent with the Middle East, 13 per cent with Africa, 13 per cent with North and Central America and 13 per cent with Asia.

The ECGD is a government department that insures British exporters against non-payment by their overseas customers and gives banks guarantees under which exporters can obtain finance for their overseas transactions, often at favourable rates of interest. In addition, political risk insurance for new investments overseas can be offered. The export credit and overseas

investment insurance schemes are operated on a commercial basis and are not intended to incur any costs to public funds; support for export finance, however, is provided at a net cost to the public purse. Internal reorganisation and changes in the ECGD's methods of operation to improve efficiency and services to exporters were proposed in a review of the management and organisation of the Department published in June (see p 456, 1984) and have been welcomed by the Government.

Commenting on the year's trading results, the Secretary of the ECGD, Mr Jack Gill, said that the repercussions of the international debt problem, particularly on some countries where the Department had a high exposure, would necessitate further borrowing from the national exchequer. However, there were grounds for believing that the ECGD was paying its way overall on current business while continuing to offer a wide range of services in support of Britain's trade at internationally competitive rates.

By 31 March 1985, 25 countries had signed debt rescheduling agreements with Britain, and two additional agreements had been negotiated and were awaiting signature. Bilateral negotiations to implement multilateral agreements with four other countries and applications for multilateral creditors' meetings with a further 12 were pending.

Outstanding advances in sterling at fixed rates of interest supported by the ECGD in respect of insured credits of two years or more totalled £5,900 million (£5,800 million in the previous year), while outstanding fixed-rate advances in foreign currencies amounted to the equivalent of £5,900 million (£6,100 million in 1983-84).

During 1984-85, 19 new agreements valued at £19 million were issued for new investments overseas. The number of agreements current at the end of the period was 159, relating to investments in a wide range of industries and services in 38 countries and representing a maximum ECGD liability of £152 million.

Source: *Export Credits Guarantee Department Trading Results 1984-85.* Available free of charge from ECGD, Aldermanbury House, Aldermanbury, London EC2P 2EL.

HELP FOR THE LONG-TERM UNEMPLOYED

Plans for a nationwide network of self-help centres, known as 'jobclubs', for long-term unemployed people, have been approved by the Government. The jobclubs, located at jobcentres, provide free facilities, including the use of telephones, typewriters, photocopiers and stationery, together with expert advice on job-seeking techniques. Participants are given a short introductory course to receive advice and to improve the way in which they present themselves as job applicants to employers. They are expected to attend on four mornings a week and may remain in the jobclub until they find work. In a statement on 30 September, the Paymaster General, Mr Kenneth Clarke, said that the idea had come from the United States and had been introduced on an experimental basis in jobcentres in Durham, Middlesbrough (Cleveland) and Walthamstow (Greater London). The results so far had been very encouraging, with about three-quarters of the people who had left the jobclubs finding work, the majority relatively quickly. Accordingly, he had asked the Manpower Services Commission for a rapid expansion in the number of jobclubs and the Commission was launching immediately a further 27 and planned to increase the number to 130 by mid-1986 and to at least 200 by the end of that year.

Source: Department of Employment press notice, 30.9.85.

SPALLATION NEUTRON SOURCE

The Spallation Neutron Source, the world's most powerful source of pulsed neutrons, was officially inaugurated by the Prime Minister, Mrs Margaret Thatcher, on 1 October. The facility, known as ISIS, is at the Science and Engineering Research Council's Rutherford Appleton Laboratory at Didcot, Oxfordshire. It is being used to study the properties of materials at atomic and molecular levels, covering disciplines as diverse as biology, chemistry, magnetism and metallurgy.

Neutrons (subatomic particles released in nuclear reactions) have traditionally been obtained from nuclear reactors, but ISIS uses a different method, which involves directing short bursts of a high-energy proton beam at a target of non-fissile uranium. 'Spallation', a term derived from the vocabulary of mining, describes the way in which neutrons are 'chipped' from the uranium. Neutrons produced in this way are effectively ten times more intense than those obtained from conventional sources, and this has allowed the range of possible experiments to be expanded. For example, scientists will be able to use the neutron beams produced by ISIS to study the molecular structure of viruses.

ISIS produced neutrons for the first time in 1984, and commissioning on a regular schedule began in June 1985. Agreements have already been signed with both India and the Federal Republic of Germany allowing scientists from those countries to participate in the exploitation of ISIS, which will eventually provide research facilities for several hundred scientists from Britain and overseas.

Source: Science and Engineering Research Council press notice, 1.10.85.

INNOVATION CENTRE

The Design Council's Innovation Centre, which was opened on 3 September, is a permanent exhibition space in London promoting innovative products, prototypes and the results of research work from areas as diverse as high technology and high fashion. The centre aims to demonstrate to industry the importance of the research, development and design process and to encourage manufacturers to exploit commercially the innovative ideas on show. Exhibits come from a

wide range of sources, including manufacturing companies, universities and colleges, research organisations, young designers and individual inventors, and will be changed at four- to six-week intervals. A comprehensive information service is to be provided for all aspects of innovation.

The first exhibition to be held at the centre, called 'What is Innovation', opened to the general public on 11 September. Over 30 exhibits illustrating different facets of innovation are on display.

Source: Design Council press notice, 3.9.85.

NATIONAL MEASUREMENT ACCREDITATION SERVICE

An important development in the Government's strategy to improve the quality and reputation of British goods in home and overseas markets was launched by the Minister of State for Industry and Information Technology, Mr Geoffrey Pattie, in London on 30 September. The National Measurement Accreditation Service (NAMAS) is a voluntary scheme combining the operations of the British Calibration Service and the National Testing Laboratory Accreditation Scheme (see p 140, 1984). It provides a single focal point in Britain for the accreditation of calibration and testing facilities, and acts as an essential link between the national standards maintained by the National Physical Laboratory (which operates the NAMAS) and industry's own measurement facilities.

In addition to improving the authority and standard of calibration and testing within Britain, the service aims to eliminate multiple assessment of calibration and testing laboratories and to negotiate agreements on mutual recognition with other national schemes in order to obtain international acceptance of the competence of accredited laboratories. It also seeks to provide publicity for accredited laboratories and a service to their users through the publication of a NAMAS directory of accredited laboratories.

The new scheme attempts to meet the needs for calibration and testing of all current and potential users: the Government, regulating bodies, quality assessment and product certification schemes (including the National Accreditation Council for Certification Bodies – see p 240), health services, producers and manufacturers, contractors, procurement bodies, consumer organisations and others. The range of services provided by NAMAS accredited laboratories varies from the calibration of highly accurate equipment necessitating a precision approaching one part per million to less precise testing requirements. Accreditation is granted to laboratories that satisfy certain requirements concerning staff, equipment, general facilities and management. Membership is open to any laboratory, public or private.

The NAMAS executive participates fully in international forums concerned with laboratory accreditation and co-operates with similar services in other countries. As a member of the International Laboratory Accreditation Conference, it is closely involved in harmonising criteria and procedures for laboratory accreditation as a means of dismantling technical barriers to trade required by the General Agreement on Tariffs and Trade (see pp 223-4).

Source: Department of Trade and Industry press notice, 30.9.85.

SOCIAL AND CULTURAL AFFAIRS

International Co-operation Against Drug Misuse

The importance of international co-operation to combat drug misuse was emphasised by Mr David Mellor, Parliamentary Under-Secretary of State at the Home Office, speaking at a conference in Geneva on 2 October attended by United States officials and drug enforcement agents from Europe and Africa. Mr Mellor referred to the work of United Nations agencies and to assistance given to Pakistan to eradicate heroin production and trafficking and said that the British Government was strongly in favour of international measures to deprive traffickers of the proceeds of their crimes. Legislation is to be introduced in Britain shortly for the confiscation of such assets.

The drugs which were most widely available in Britain and thus caused the major problems – heroin, cocaine and cannabis – were all smuggled in illegally from abroad, said Mr Mellor. The British customs were in the front line of attack, but however efficient their operations in seizing drugs and apprehending traffickers it was necessary for there to be international co-operation of a very high order. The United States Government had long recognised that international co-operation was the only way of cutting off the flow of dangerous drugs and of stemming the crime and human misery that came in its wake. The framework necessary to achieve that co-operation was to a large extent already in place and was provided by such bodies as the United Nations, the Council of Europe, Interpol and the Customs Co-operation Council. Efforts within these bodies needed to be intensified and the bilateral links already established to be built upon.

United Nations

Britain was a prominent member of the United Nations Commission on Narcotic Drugs and lent its active support to the work of the various agencies concerned with drugs matters. The British Government was working particularly closely with the United States Government and other like-minded governments in helping to secure tangible and effective results from those bodies. It appreciated the serious and positive approach taken by the Commission and by the three drugs bodies based in Vienna (the International Narcotics Control Board, the Division of Narcotic Drugs and the United Nations Fund for Drug Abuse Control), and recognised their constructive efforts and achievements.

Mr Mellor said that the Government was particularly keen to ensure that the United Nations' efforts to draw up a new convention aimed at fighting international drug trafficking proceeded at a good pace. To cut through the chain of profits of drug traffickers and deprive them of the proceeds of their crimes would strike a most telling blow against the criminal networks which controlled the supply of narcotic drugs. In responding to the United Nations' request for comments on the elements which might go into a new convention, the British Government had made it clear that it would be pressing for the new convention to include measures to facilitate the tracing, freezing and forfeiture of the assets of drug traffickers and to make the extradition of offenders easier (see p 244). Plans for legislation on the confiscation of assets were well in hand (see p 324).

Pakistan

One United Nations agency with which the British Government had been pleased to co-operate closely over the years was the United Nations Fund for Drug Abuse Control and in 1983 it doubled its regular annual contribution to the Fund. In the following year, together with the United States and Italian Governments, the British Government pledged £1 million to the Fund towards a rural development scheme in the Dir Region of the North West Frontier of Pakistan with the aim of reducing the production of the opium poppy still further.[1] Assistance through the Fund had also been provided for the purchase of vehicles and equipment for the law enforcement services in Pakistan and help had been given over the years in the training of law enforcement personnel from Pakistan.

For Britain heroin remained a greater problem than cocaine and the main source of the heroin reaching Britain was from, or through, the North West Frontier Province of Pakistan. With a view to promoting co-operation on drug matters, Mr Mellor said he would be visiting Pakistan in mid-October and expected to meet President Zia and other senior government ministers and officials. The Pakistan Government was at one with the British Government in its anxiety to stamp out drug production and trafficking and the British Government appreciated its efforts and willingness to co-operate. However, the generous level of assistance to Pakistan to combat drugs had to be backed up by effective policing and legislation within the country.

Other International Co-operation

Mr Mellor went on to refer to the work being undertaken within the Pompidou Group (the Council of

[1]On 14 October the British Government announced that it had agreed to contribute an additional £2·4 million to the scheme.

Europe Co-operation Group to Combat Drug Abuse and Illicit Trafficking in Drugs) of which he is the current chairman, the increasing involvement of the European Community, and the high level of co-operation between the United Kingdom and the United States. He concluded by saying that the misery and degradation that drug misuse caused and the unspeakable evil of those who trafficked for gain with other people's lives were only too well known. Action was needed on all fronts if the chain of misery that drug trafficking represented was to be broken.

Confiscation of Profits from Drug Trafficking

Details of new legislation which the Government intends to introduce in the new session of Parliament were given by Mr Mellor at the Conservative Party Conference on 9 October. This would provide for the confiscation of drug traffickers' assets by means of a confiscatory fine, a new offence of handling the proceeds of drug trafficking punishable with a maximum sentence of 14 years imprisonment and powers to freeze the assets of a person suspected of involvement in trafficking. Since assets were likely to be disposed of overseas, there would also be powers for Britain to enter into reciprocal agreements with other countries to secure confiscation of profits deposited abroad.

Measures to Control the Spread of AIDS

Details of the measures being taken to control the spread of the disease AIDS (Acquired Immune Deficiency Syndrome), including a new screening test for all blood donations, were given in a speech by the Minister for Health, Mr Barney Hayhoe, on 26 September. In addition to the £1 million already allocated towards controlling the disease, the Government is to provide a further £1 million in the present financial year for treatment, health education and counselling.

Health Minister's Speech

Mr Hayhoe said that although the number of cases of AIDS in Britain was still small – by the end of August 206 patients had been confirmed as sufferers of the disease of whom 114 had died – the number of new cases was bound to increase steadily over the next few years. While some 10,000 people might already have been exposed to the virus, only a small proportion had so far developed clinical AIDS. It was vital to do everything possible to control the further spread of the disease and to help those already exposed to the virus.

Britain had had the benefit of learning from the experience of the United States where more than 12,000 fully developed cases of AIDS had occurred. Knowledge of the disease was progressing rapidly but much remained to be done. The Government had already allocated £1 million towards combating the disease, in addition to the resources committed by health authorities themselves, and would be providing a further £1 million in the coming year, part of which would be used to help the three regional health authorities in the London area which were carrying the heaviest burden of the disease to provide treatment and counselling. The money would also be used to support the counselling work of haemophilia reference centres and to provide help to the voluntary sector for its information and advice work.

A programme of public education must be the lynch-pin of the strategy to control the spread of the disease, and the Government was urgently considering proposals for a national co-ordinated campaign of public education to improve understanding of the disease, both by those most at risk of contracting it and by the general public, and the ways in which its spread could be controlled. Greater understanding was also needed of the services necessary for those infected with the virus.

Important steps to safeguard recipients of blood and blood products from AIDS included the introduction in mid-October 1985 of routine screening [within the National Blood Transfusion Service] of all blood donations; the heat treatment of the blood-clotting agent Factor VIII needed by haemophiliacs; and the major redevelopment, costing £38 million, of the Blood Products Laboratory to ensure self-sufficiency in blood products by the end of 1986.

Speaking of the importance of properly co-ordinating the issues raised by the disease, Mr Hayhoe said that urgent preparations were being made to establish a ministerial group to facilitate co-operation among all government departments concerned with AIDS matters.

Additional Measures

In addition to the measures outlined by the minister, the Government has produced special guidance for doctors, nurses, health workers and those working in the emergency services who are involved in caring for AIDS patients, and an advisory group of experts on AIDS has been set up, with sub-groups working on topics such as counselling and blood testing and the provision of advice on the policies to adopt. Arrangements are being made by health authorities for blood samples to be taken in clinics for sexually transmitted diseases and elsewhere, and for counselling to be offered to anyone whose blood is found to contain antibodies to the AIDS virus – a service which will also be extended to families and friends.

In addition to the new screening tests for blood donations, alternative facilities for providing antibody tests on a confidential basis will be available at genito-urinary medicine clinics, while all district health authorities will make arrangements to carry out antibody tests on patients referred by general practitioners. All commercially available screening tests for AIDS have been evaluated by the Public Health Laboratory Service, whose Communicable Disease Surveillance Centre has close contact with similar centres in other countries, including the Center for Disease Control in the United States and the World Health Organisation AIDS Collaborating Centre for Europe in Paris; while a number of important research projects, costing nearly £400,000, are being co-ordinated by the government-funded Medical Research Council, which also maintains valuable links with research workers in the United States and elsewhere.

Urban Disorders

Outbreaks of serious disorder took place in districts of Birmingham, Liverpool and London between 9 September and 6 October leading to attacks on the police, arson and looting. As a result two Asians died in a fire in Birmingham, a police officer was stabbed to death in London and many policemen, firemen and members of the public were injured. In Birmingham the rioters were mainly young people from the black, Asian and white communities, while in London both blacks and whites took part. The Home Secretary has emphasised the importance of restoring and maintaining public order and bringing to justice those who committed crimes during the riots. He said that the rule of law provided the only basis for building racial harmony and equality. Substantial resources had been put into reviving the inner cities and all sections of the community would have to work together to tackle the problems of racial disadvantage, unemployment, crime and disorder.

The series of urban disorders started in the Handsworth district of Birmingham on the night of 9-10 September. The trouble was reported to have begun with the apprehension of a black motorist for a parking offence and an attack on the police officer involved by a group of black youths. Later police and firemen attending a fire were attacked with bricks, bottles and petrol bombs, and shops were set on fire and looted. Many of the shopkeepers in the area were of Asian origin and two Asian brothers died when a sub-post office was set alight.

Handsworth is an area in which determined efforts have been made by the police for a number of years to establish good relations with the local community, but some tension is said to have occurred recently following raids by police investigating drug offences. The disturbances took place after a successful carnival on the previous two days. The Home Secretary has asked the Chief Constable of the West Midlands police force to prepare a report on events in Handsworth and on the tactics adopted. The report will be published.

The disturbances in Brixton occurred on 28 and 29 September following an incident in which a black woman, Mrs Cherry Groce, was mistakenly shot in her home and seriously wounded by a police officer searching for her son in connection with a robbery and subsequent shooting. Despite attempts by community leaders to calm the situation and requests for calm by Mrs Groce's family, disorder broke out which resulted in attacks on the police and passers-by, damage to and burning of property and cars, and looting. Over the two days 275 crimes were reported including two cases of rape, burglaries and criminal damage to vehicles. Over 200 people were arrested. It was estimated that one-third of the rioters were white and half of those arrested were also white. Although Brixton normally has a relatively high crime rate community relations had in general greatly improved since the disturbances in 1981 and the publication of Lord Scarman's report (see pp 152 and 373-8, 1981; and pp 31-2 and 256, 1982).

The circumstances in which Mrs Groce was shot are being investigated by the independent Police Complaints Authority.

A third outbreak of serious disorder occurred in the Tottenham area of North London on 6 October, the day after a black woman, Mrs Cynthia Jarrett, collapsed and died while the police were searching her home. Again, in spite of appeals from her family, rioting broke out. Missiles, including petrol bombs, were thrown, shots were fired, and buildings and vehicles were set on fire. In the course of the disturbances a police officer, PC Keith Blakelock, was stabbed to death by a group of rioters armed with knives. The incident leading to Mrs Jarrett's death is also being investigated by the Police Complaints Authority.

Outbreaks of street violence also took place in the Toxteth district of Liverpool and the Peckham area of South London on 2 October. Although the effects were less extensive than in Handsworth, Brixton and Tottenham, missiles, including petrol bombs, were thrown and cars and property set alight.

Home Secretary's Statements

Addressing a press conference on the day after the Handsworth riots the Home Secretary, Mr Douglas Hurd, said that the first priority was to restore and maintain public order and to carry out a strong and relentless investigation to bring those who committed the crimes to justice. Unemployment and poor social conditions did not justify setting fire to houses, putting people's lives at risk and looting.

Speaking to the Association of Chief Police Officers in Preston on 12 September, Mr Hurd said that out of the rush of comment on the disorders several points needed emphasising. Public order had once again been shown to be the most fundamental social good. The right to go about one's lawful occasion in peace was the most basic human right of all. Without that, policies for jobs and policies against deprivation would not take root. Such economic and social policies were necessary, particularly in the inner cities, and were being intensively pursued in places like Handsworth using massive public resources. Since taking office the Government had doubled to £330 million [in 1984-85] the funds devoted to the Urban Programme[1] and contributed three-quarters of the £20 million spent over the last four years on the Urban Programme in Handsworth alone. Poor housing and other social ills provided no reason for riot, arson and killing.

Mr Hurd said that what had happened in Handsworth did not mean that community policing had failed. The closer the police could get to the community which they served the more likely was their policing to succeed.

Addressing a meeting of the Advisory Council on Race Relations on 1 October Mr Hurd said that the immediate task was to bring together all the people of goodwill in Brixton and Handsworth to restore stability and work together. The promotion of good community relations was one of his most important ministerial responsibilities. Harmony could not be built on unfair or unequal treatment. Racial discrimination was illegal, it was unfair and caused individual hurt and

[1]The Urban Programme provides additional funds to complement the social, environmental and economic programmes of local authorities in areas in England with special social needs. Its main aims are to secure economic rejuvenation, improve the physical environment and provide local services to meet the needs of the community.

anger; when it occurred, the law against it had to be enforced. The Race Relations Act conferred no special privileges on any ethnic group: rather it sought to ensure fundamental justice. The primary duty for enforcing this legislation fell upon the Commission for Racial Equality and the Government was responsible for seeing that the law against racial discrimination was monitored and fully effective. But the problems could not be solved only through legislation. All responsible groups had a role to play in clearing away the myths and misconceptions that led to discrimination.

In a free, democratic society all communities had to be able to lead their lives in peace and go about their lawful business without fear. Violence, whether the violence of racially motivated attacks or of riots, only destroyed. Public tranquillity for all sections of the community was the foundation on which everything else had to be built.

The rule of law was fundamental to British society. It made everyone answerable to the courts, whatever their colour or status. It protected the citizen from arbitrary authority and could help to eradicate discrimination or exploitation. It provided the only solid basis on which real harmony and equal opportunity could be built. All sections of the community had to work together, tackling constructively the real problems of the inner cities – racial disadvantage, unemployment, crime and disorder.

Shorter Note

SUPPORT FOR BLACK BUSINESS ENTERPRISE

Business advice centres are to be established in inner city areas with a significant Afro-Caribbean population to encourage the growth of black business enterprise. The centres, which will be open to all sections of the community, will offer a range of business support services including training, and advice on preparing business plans, finding premises and securing finance. For people unable to obtain finance from conventional sources like the banks, the agencies will be able to make small grants or loans from funds made available by private sources. The centres will be funded and managed jointly by the Home Office, the local authority, the private sector and local organisations.

The first two agencies to be established will be in Deptford in south-east London and in the Handsworth-Highgate district of Birmingham. Discussions about setting up a third agency in Finsbury Park, north London, are advanced and further agencies are planned. They will be funded by the Home Office (staff costs being met by grants paid under section 11 of the Local Government Act 1966 which provides for funding for staff in areas with a significant immigrant population), by the Department of the Environment under the Urban Programme, by the Department of Trade and Industry and by private companies, some of which have agreed to provide seconded staff. Private companies have been encouraged to support the new agencies by Business in the Community, a national organisation which assists in the economic development of local communities (see p 320).

The relatively small number of the Afro-Caribbean population who are self-employed was illustrated by the 1981 Labour Force Survey which showed that only 3 per cent of economically active West Indians were self-employed compared with 8 per cent of the white population and 13 per cent of the Asian.

Source: Home Office press notice, 26.9.1985.

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Consultative Paper on Revision of the Nurseries and Childminders Regulation Act 1948. Considers options for modifying and bringing up to date the legislation under which local authorities regulate private and voluntary day-care services. Available unpriced from Department of Health and Social Security, Child Care Division, Room B 1408, Alexander Fleming House, London SE1 6BY.

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A Great British Success Story: an invitation to the nation to invest in the arts. An Arts Council report which argues the case for an increase in public expenditure on the arts in order to increase public enjoyment, enhance Britain's prestige overseas and benefit the economy. Available unpriced from the Arts Council, 105 Piccadilly, London W1V 0AU. ISBN 0 7287 0474 9.

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